

Benefit design and cost sharing in Medicare Advantage plans

ISSUE: The Medicare Prescription Drug, Improvement and Modernization Act of 2003 mandates that MedPAC examine the extent to which cost-sharing structures under Part C plans affect access to covered services or are used to select enrollees based on the health status of eligible individuals. The report, including such recommendations for legislation and administrative actions as the Commission considers appropriate, is due to the Congress on December 31, 2004.

In September, staff presented preliminary analysis of the cost-sharing practices of Medicare Advantage (MA) plans. General results from that analysis suggest that while benefit designs that would contribute to selection or access problems are not systematic or widespread, there is evidence that the practices of some plans can lead to high levels of cost sharing for certain services that are less discretionary in nature—for example, chemotherapy. A continuing challenge for the Medicare program is to help beneficiaries understand the personal and financial implications when choosing among coverage options.

KEY POINTS: For the October meeting, MedPAC staff will discuss:

- Data from CMS's Medicare Personal Plan Finder that illustrate how out-of-pocket spending can vary within the same geographic market for a few prototypical enrollees.
- An analysis of data from CMS's survey of MA disenrollees to see whether many beneficiaries left plans because of high cost sharing.
- How Medicare might make choices simpler for beneficiaries and limit plans' ability to offer discriminatory benefit designs.

ACTION: The Commission should discuss major issues to be highlighted in the report to the Congress.

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